

## Markets &amp; Business

## Freescal's up-spin

Freescal Semiconductor's net sales increased to \$1.46bn, rising 31% from the 2Q of 2003 net sales of \$1.12bn, and 5% from \$1.40bn 1Q in 2004. Gross margins rose to 38.4% compared to 25.9% for 2Q last year and 36.3% in the 1Q of 2004. The basic and diluted EPS was 15c; pro forma EPS (using post-IPO shares outstanding of 400m) 11c.

Growth in all three of its business segments drove the increase over the 2Q of 2003. This included demand for the company's RF, digital signal processors, communication processors and micro-controllers.

## Watch inventories

Economics director of Reed Business Information, Jim Haughey, says inventories are leaner than they have ever been, with the inventory/sales ratio in US wholesalers at 1.12 and manufacturers' inventory management trimmed from 1.35 to 1.23. However retailers, he says, have not yet made significant improvement, with a 1.55 ratio. Inventories had to be cut \$66bn in the last downturn, when overall inventory/sales ratio rose from 1.40 to 1.47 in under a year. Most of that swing originated in manufacture.

## French MBE dips

French MBE supplier Riber has sold two research machines in the first half of 2004, leading to sales of €3.3m (\$4.0m).

This is down €1.6 m on the previous half-year. The value of the company's sales backlog has also fallen. It is currently standing at one MBE49 production machine and 10 research machines, worth a total of €8.3m on order, less than at the same time last year.

## Galileo and GPS get it together



GPS and Galileo's go-ahead will work to make a standard for civil and commercial use of satellite navigation, helping with emergencies.

Europe and the US have resolved the four year long standing differences over satellite positioning and navigation technologies and Galileo and GPS, by signing an agreement allowing the systems

to work side by side without interfering with one another.

"This agreement will allow the European project Galileo to become the world standard for

civil and commercial use of satellite navigation; it will offer the best possible level of services to all users," says European Commission VP, Loyola de Palacio.

Users of satellite radio-navigation will simultaneously, with only one receiver, be able to use one or other of the two systems, or both at the same time. The market potential for satellite navigation is said to be around three billion receiver units per year and revenues of \$303bn (€250bn) by 2010, while the launch of Galileo could create 150,000 jobs in Europe alone.

Galileo is currently constructing two satellites, launch scheduled for 2005, and two shortly after. Deployment of the other 24 satellites and ground bases is expected around 2008.

## Nortel sells to Flextronics

Flextronics and Nortel Networks agree on Flextronics' take over of much of Nortel's manufacturing, repair and optical design operations. Subject to closing a four-year manufacture agreement, Flextronics assumes most of Nortel Networks' systems integration activities, final A&T and repair, along with management of the supply chain and suppliers.

Flextronics will pay Nortel between \$675- 725m in cash for inventory and equipment, as

well as design and engineering assets in the next few years. Nortel is to absorb about \$200m in transaction costs.

Flextronics' revenues from Nortel Networks should reach an annual revenue of some \$2.5bn. Some 2,500 Nortel staff transfer to Flextronics payroll.

In Europe, Flextronics has also offered to purchase the Nortel operations at Monkstown, in Northern Ireland as well as the French system houses at Chateaudun.

## Sirenza ahead

Sirenza Microdevices had revenues of \$15.7m for 2Q fiscal ended June 2004.

This was up \$1.9m on the previous quarter, and \$6.6m higher than the equivalent quarter last year.

Robert Van Buskirk, Sirenza's CEO, commenting on the results, says: "Our record quarterly revenue, coupled with our improvement in gross margin, enabled us to realise a net income of \$1.3m, double that of our first quarter this year."

## FEI opens Europe's NanoPort

Nanotech tool provider FEI Co has opened its NanoPort, product and applications centre, in addition to its recently upgraded and enhanced Eindhoven campus in the Netherlands. The centre is intended to provide a base for EU scientists working

in the fields of material science, semiconductors, data storage, biotechnology, structural biology, proteomics, and pathology.

The NanoPort brings together expertise of outside scientists and FEI developers for joint

R&D such as the EU Interaction Proteome project.

Improvement at the company's Eindhoven location bring the total area of its European development and operations centre to nearly 17,000 m<sup>2</sup>.